

**Yuen Foong Yu Consumer Products Co.,
Ltd. and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Yuen Foong Yu Consumer Products Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuen Foong Yu Consumer Products Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements for the three months ended March 31, 2022 of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2022, combined total assets of these subsidiaries were NT\$2,333,091 thousand, representing 29.45% of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$407,373 thousand, representing 18.26% of the consolidated total liabilities; for the three months ended March 31, 2022, the amount of combined comprehensive income of these subsidiaries was NT\$34,439 thousand, representing 9.89% of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shu-Jiuan Ye and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2022

Notice to Readers

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

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

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,816,871	23	\$ 1,645,437	21	\$ 1,311,013	17
Financial assets at amortized cost - current (Note 7)	107,381	1	103,499	1	88,893	1
Notes and accounts receivable (Notes 8 and 16)	1,214,836	15	1,269,329	16	1,234,936	16
Accounts receivable from related parties (Notes 16 and 22)	6,821	-	3,332	-	51,343	1
Other receivables from related parties (Note 22)	-	-	2,223	-	142	-
Inventories (Note 9)	1,070,523	14	1,099,668	14	944,167	13
Other current assets (Note 22)	206,788	3	223,512	3	279,667	4
Total current assets	4,423,220	56	4,347,000	55	3,910,161	52
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 11 and 17)	3,098,493	39	3,114,280	39	3,229,453	42
Right-of-use assets (Notes 12 and 17)	314,656	4	318,635	4	293,933	4
Deferred tax assets	23,965	-	23,013	-	20,409	-
Other non-current assets	61,894	1	140,739	2	133,827	2
Total non-current assets	3,499,008	44	3,596,667	45	3,677,622	48
TOTAL	\$ 7,922,228	100	\$ 7,943,667	100	\$ 7,587,783	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 13)	\$ -	-	\$ 37,000	-	\$ 30,000	-
Short-term bills payable (Note 13)	-	-	149,990	2	-	-
Notes and accounts payable	560,548	7	492,114	6	435,214	6
Accounts payable to related parties (Note 22)	244,231	3	236,683	3	357,911	5
Other payables	786,793	10	982,708	12	865,012	11
Other payables to related parties (Note 22)	28,875	-	47,114	1	35,569	-
Current tax liabilities	204,568	3	148,399	2	313,523	4
Lease liabilities - current (Notes 12 and 22)	54,113	1	51,296	1	39,853	1
Other current liabilities (Note 16)	68,600	1	98,526	1	86,292	1
Total current liabilities	1,947,728	25	2,243,830	28	2,163,374	28
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 13)	-	-	57,900	1	697,360	9
Deferred tax liabilities	57,133	1	57,146	1	57,455	1
Lease liabilities - non-current (Notes 12 and 22)	178,266	2	187,322	2	171,576	2
Net defined benefit liabilities (Note 4 and 14)	10,087	-	16,679	-	15,220	-
Other non-current liabilities	38,295	-	38,203	1	38,128	1
Total non-current liabilities	283,781	3	357,250	5	979,739	13
Total liabilities	2,231,509	28	2,601,080	33	3,143,113	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)						
Share capital						
Ordinary shares	2,671,290	34	2,671,290	34	2,449,060	32
Capital surplus	1,214,116	15	1,214,116	15	219,055	3
Retained earnings						
Legal reserve	225,589	3	225,589	3	76,248	1
Special reserve	203,863	3	203,863	3	-	-
Unappropriated earnings	1,449,416	18	1,220,998	15	1,864,609	25
Total retained earnings	1,878,868	24	1,650,450	21	1,940,857	26
Other equity	(123,008)	(2)	(241,756)	(3)	(213,499)	(3)
Total equity attributable to owners of the Company	5,641,266	71	5,294,100	67	4,395,473	58
NON-CONTROLLING INTERESTS						
	49,453	1	48,487	-	49,197	1
Total equity	5,690,719	72	5,342,587	67	4,444,670	59
TOTAL	\$ 7,922,228	100	\$ 7,943,667	100	\$ 7,587,783	100

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

(With Deloitte & Touche auditors' review report dated May 12, 2022)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 16 and 22)	\$ 2,441,558	100	\$ 2,589,318	100
COST OF GOODS SOLD (Notes 9, 17 and 22)	<u>(1,791,397)</u>	<u>(74)</u>	<u>(1,739,848)</u>	<u>(67)</u>
GROSS PROFIT	<u>650,161</u>	<u>26</u>	<u>849,470</u>	<u>33</u>
OPERATING EXPENSES (Notes 17 and 22)				
Selling and marketing	(272,574)	(11)	(283,883)	(11)
General and administrative	(88,588)	(4)	(118,260)	(5)
Research and development	<u>(11,198)</u>	<u>-</u>	<u>(13,902)</u>	<u>-</u>
Total operating expenses	<u>(372,360)</u>	<u>(15)</u>	<u>(416,045)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>277,801</u>	<u>11</u>	<u>433,425</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 17 and 22)	(2,099)	-	(4,192)	-
Interest income	5,927	1	7,421	-
Other income (Note 22)	3,357	-	3,001	-
Gain (loss) on disposal of property, plant and equipment	401	-	(10)	-
Other expenses	(315)	-	(29)	-
Foreign exchange gain (loss) (Note 24)	<u>3,843</u>	<u>-</u>	<u>(6,052)</u>	<u>-</u>
Total non-operating income and expenses	<u>11,114</u>	<u>1</u>	<u>139</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	288,915	12	433,564	17
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(59,531)</u>	<u>(3)</u>	<u>(60,878)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>229,384</u>	<u>9</u>	<u>372,686</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	<u>118,748</u>	<u>5</u>	<u>(9,636)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>118,748</u>	<u>5</u>	<u>(9,636)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 348,132</u>	<u>14</u>	<u>\$ 363,050</u>	<u>14</u>

(Continued)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 228,418	9	\$ 371,201	14
Non-controlling interests	<u>966</u>	<u>-</u>	<u>1,485</u>	<u>-</u>
	<u>\$ 229,384</u>	<u>9</u>	<u>\$ 372,686</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 347,166	14	\$ 361,565	14
Non-controlling interests	<u>966</u>	<u>-</u>	<u>1,485</u>	<u>-</u>
	<u>\$ 348,132</u>	<u>14</u>	<u>\$ 363,050</u>	<u>14</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 0.86</u>		<u>\$ 1.52</u>	
Diluted	<u>\$ 0.85</u>		<u>\$ 1.51</u>	

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

(With Deloitte & Touche auditors' review report dated May 12, 2022)

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Note 15)										
	Share Capital		Capital Surplus	Retained Earnings				Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Note 15)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappro- priated Earnings	Total				
BALANCE AT JANUARY 1, 2021	244,906	\$ 2,449,060	\$ 219,055	\$ 76,248	\$ -	\$ 1,493,408	\$ 1,569,656	\$ (203,863)	\$ 4,033,908	\$ 47,712	\$ 4,081,620
Net profit for the three months ended March 31, 2021	-	-	-	-	-	371,201	371,201	-	371,201	1,485	372,686
Other comprehensive loss for the three months ended March 31, 2021	-	-	-	-	-	-	-	(9,636)	(9,636)	-	(9,636)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	371,201	371,201	(9,636)	361,565	1,485	363,050
BALANCE AT MARCH 31, 2021	<u>244,906</u>	<u>\$ 2,449,060</u>	<u>\$ 219,055</u>	<u>\$ 76,248</u>	<u>\$ -</u>	<u>\$ 1,864,609</u>	<u>\$ 1,940,857</u>	<u>\$ (213,499)</u>	<u>\$ 4,395,473</u>	<u>\$ 49,197</u>	<u>\$ 4,444,670</u>
BALANCE AT JANUARY 1, 2022	267,129	\$ 2,671,290	\$ 1,214,116	\$ 225,589	\$ 203,863	\$ 1,220,998	\$ 1,650,450	\$ (241,756)	\$ 5,294,100	\$ 48,487	\$ 5,342,587
Net profit for the three months ended March 31, 2022	-	-	-	-	-	228,418	228,418	-	228,418	966	229,384
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	-	118,748	118,748	-	118,748
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	228,418	228,418	118,748	347,166	966	348,132
BALANCE AT MARCH 31, 2022	<u>267,129</u>	<u>\$ 2,671,290</u>	<u>\$ 1,214,116</u>	<u>\$ 225,589</u>	<u>\$ 203,863</u>	<u>\$ 1,449,416</u>	<u>\$ 1,878,868</u>	<u>\$ (123,008)</u>	<u>\$ 5,641,266</u>	<u>\$ 49,453</u>	<u>\$ 5,690,719</u>

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

(With Deloitte & Touche auditors' review report dated May 12, 2022)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 288,915	\$ 433,564
Adjustments for:		
Depreciation expenses	107,358	103,122
Amortization expenses	96	764
Expected credit loss recognized (reversed)	38	(40)
Finance costs	2,099	4,192
Interest income	(5,927)	(7,421)
(Gain) loss on disposal of property, plant and equipment	(401)	10
Write-downs (reversal of write-downs) of inventories	13,794	(90)
Unrealized gain on foreign currency exchange	(139)	(170)
Changes in operating assets and liabilities		
Notes and accounts receivable	69,575	(46,480)
Accounts receivable from related parties	(3,395)	(31,919)
Other receivables from related parties	2,258	231
Inventories	38,483	(60,475)
Other current assets	21,095	92,820
Notes and accounts payable	63,802	4,825
Accounts payable to related parties	4,684	48,786
Other payables	(169,223)	(151,663)
Other payables to related parties	(19,472)	5,387
Other current liabilities	(30,817)	14,244
Net defined benefit liabilities	(6,592)	(6,827)
Cash generated from operations	376,231	402,860
Interest received	5,915	7,424
Interest paid	(3,394)	(3,923)
Income tax paid	(4,230)	(4,679)
Net cash generated from operating activities	374,522	401,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(351)	(2,201)
Payments for property, plant and equipment	(69,928)	(46,620)
Proceeds from disposal of property, plant and equipment	430	17
Decrease in other non-current assets	81,968	57
Net cash generated from (used in) investing activities	12,119	(48,747)

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YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ (37,000)	\$ (47,000)
Decrease in short-term bills payable	(150,000)	-
Repayments of long-term borrowings	(57,900)	(224,820)
Increase in other payables to related parties	-	21
Increase in other non-current liabilities	13	10
Repayment of the principal portion of lease liabilities	(13,566)	(11,655)
Net cash used in financing activities	(258,453)	(283,444)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	43,246	10,256
NET INCREASE IN CASH AND CASH EQUIVALENTS	171,434	79,747
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,645,437	1,231,266
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 1,816,871	\$ 1,311,013

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

(With Deloitte & Touche auditors' review report dated May 12, 2022)

(Concluded)

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Yuen Foong Yu Consumer Products Co., Ltd. (the “Company”), formerly known as Laiya Co., Ltd., was established and invested by YFY Inc. (originally the parent company which held 100% shares of the Company) in October 1986. In order to comply with the listing rules and regulations, YFY Inc. held 59.14% of the Company’s shares as of March 31, 2022. The Company was renamed as Yuen Foong Yu Consumer Products Co., Ltd. in May 2006. In line with YFY Inc.’s operating strategy to carry out integration, the Company acquired assets, liabilities and business of the household products division that was split from YFY Inc., in accordance with Business Mergers and Acquisitions Act in October 2007. The Company’s main business items are paper products, paper processed products and household cleaning supplies. The Company’s shares were approved for public offering on August 11, 2020 by the Taipei Exchange (TPEX), and the Company became a listed company at emerging stock market on October 27, 2020. The Company’s shares ceased trading on emerging stock market and have been listed on the Taiwan Stock Exchange (TWSE) since September 29, 2021.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 12, 2022.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. New IFRSs in issue but not yet endorsed and issued into effect by the IASB

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. See Note 10, Tables 4 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for other accounting policies listed below, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 1,675	\$ 1,026	\$ 1,103
Checking accounts and demand deposits	436,491	614,455	1,234,910
Cash equivalents (time deposits with original maturities of three months or less)			
Time deposits	963,701	922,956	-
Repurchase agreements collateralized by bonds	<u>415,004</u>	<u>107,000</u>	<u>75,000</u>
	<u>\$ 1,816,871</u>	<u>\$ 1,645,437</u>	<u>\$ 1,311,013</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Cash equivalents	0.26%-2.10%	0.26%-2.10%	0.19%

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
Time deposits with original maturities between 3 months and a year	<u>\$ 107,381</u>	<u>\$ 103,499</u>	<u>\$ 88,893</u>

The interest ranges of time deposits with original maturities between three months and a year as of March 31, 2022, December 31, 2021 and March 31, 2021 were 0.26%-2.10%, 0.26%-2.10% and 0.40%-2.10%, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable - operating	\$ 62,609	\$ 48,207	\$ 94,375
Accounts receivable - operating	1,153,206	1,222,027	1,144,390
Less: Allowance for impairment loss	<u>(979)</u>	<u>(905)</u>	<u>(3,829)</u>
	<u>\$ 1,214,836</u>	<u>\$ 1,269,329</u>	<u>\$ 1,234,936</u>

The Group's customers are a large number of unrelated customers that did not create concentration of credit risk.

For the accounts receivable that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group held adequate collaterals or other credit enhancements for these receivables.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

March 31, 2022

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,178,977	\$ 32,952	\$ 1,238	\$ 2,494	\$ 154	\$ 1,215,815
Loss allowance (Lifetime ECLs)	(119)	(312)	(61)	(333)	(154)	(979)
	<u>\$ 1,178,858</u>	<u>\$ 32,640</u>	<u>\$ 1,177</u>	<u>\$ 2,161</u>	<u>\$ -</u>	<u>\$ 1,214,836</u>

December 31, 2021

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,256,345	\$ 10,978	\$ 2,613	\$ -	\$ 298	\$ 1,270,234
Loss allowance (Lifetime ECLs)	-	(143)	(464)	-	(298)	(905)
	<u>\$ 1,256,345</u>	<u>\$ 10,835</u>	<u>\$ 2,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,269,329</u>

March 31, 2021

	Not Past Due	Up to 90 Days	91 Days to 180 Days	181 Days to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 1,223,844	\$ 11,965	\$ -	\$ -	\$ 2,956	\$ 1,238,765
Loss allowance (Lifetime ECLs)	(630)	(243)	-	-	(2,956)	(3,829)
	<u>\$ 1,223,214</u>	<u>\$ 11,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,936</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 905	\$ 3,887
Net remeasurement of loss allowance	38	(40)
Foreign exchange gains and losses	<u>36</u>	<u>(18)</u>
Balance at March 31	<u>\$ 979</u>	<u>\$ 3,829</u>

9. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Finished and purchased goods	\$ 442,056	\$ 512,505	\$ 383,383
Work in process	188,321	168,930	126,941
Materials	<u>440,146</u>	<u>418,233</u>	<u>433,843</u>
	<u>\$ 1,070,523</u>	<u>\$ 1,099,668</u>	<u>\$ 944,167</u>

The cost of goods sold for the three months ended March 31, 2022 and 2021 included inventory write-downs of \$13,794 thousand and reversal of inventory write-downs of \$90 thousand, respectively. Due to the disposal of inventories which were written down, net realizable value of inventory increased.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Yuen Foong Yu Consumer Products Investment Limited	Investment and holding.	100.0	100.0	100.0	
	Ever Growing Agriculture Bio-tech Co., Ltd.	Wholesale of agriculture products	85.0	85.0	85.0	
	Yuen Foong Shop Co., Ltd.	E-commerce of selling consumer products	100.0	100.0	100.0	
	YFY Consumer Products, Co.	E-commerce for intellectual property management and sales of consumer products	100.0	100.0	100.0	a.
Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Investment and holding and sale of paper	100.0	100.0	100.0	
YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	100.0	100.0	100.0	
Yuen Foong Shop Co., Ltd.	Shanghai YFY International Trade Co., Ltd.	General trade	-	-	100.0	b.
	Yuen Foong Shop (HK) Limited	General trade	100.0	100.0	100.0	

- a. In order to expand the US market, the Company established YFY Consumer Products, Co. in January 2021. It was registered on March 31, 2022, but the payment has not yet been realized.
- b. In order to adjust the business and optimize the financial structure in response to the changes in the mainland China's market, the Company's board of directors resolved to sell the entire equity of Shanghai YFY International Trade Co., Ltd. in July 2021. The disposal of the subsidiary was completed in August 2021, please refer to Note 22 to the consolidated financial statements for the year ended December 31, 2021.

- c. The financial statements of subsidiaries that were not individually material, including Ever Growing Agriculture Bio-tech Co., Ltd., Yuen Foong Shop Co., Ltd., YFY Consumer Products, Co., YFY Family Care (Kunshan) Co., Ltd., Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd., and Yuen Foong Shop (HK) Limited, have not been reviewed. As of March 31, 2022, combined total assets of these subsidiaries were \$2,333,091 thousand, representing 29.45% of the consolidated total assets, and combined total liabilities of these subsidiaries were \$407,373 thousand, representing 18.26% of the consolidated total liabilities; for the three months ended March 31, 2022, the amount of combined comprehensive income of these subsidiaries was \$34,439 thousand, representing 9.89% of the consolidated total comprehensive income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2021	\$ 675,822	\$ 1,130,649	\$ 3,862,808	\$ 408,807	\$ 206,764	\$ 301,856	\$ 2,031	\$ 6,588,737
Additions	-	-	14,696	836	3,177	7,776	1,301	27,786
Disposals	-	(2,046)	(62)	(555)	(518)	(986)	-	(4,167)
Effect of foreign currency exchange differences	-	(1,583)	(10,501)	(1,245)	(486)	(417)	-	(14,232)
Reclassifications	-	-	1,783	(69)	19	125	(1,858)	-
Balance at March 31, 2021	<u>\$ 675,822</u>	<u>\$ 1,127,020</u>	<u>\$ 3,868,724</u>	<u>\$ 407,774</u>	<u>\$ 208,956</u>	<u>\$ 308,354</u>	<u>\$ 1,474</u>	<u>\$ 6,598,124</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ -	\$ 578,713	\$ 2,007,083	\$ 283,869	\$ 167,922	\$ 252,996	\$ -	\$ 3,290,583
Depreciation expenses	-	11,728	63,812	6,126	3,161	5,794	-	90,621
Disposals	-	(2,046)	(41)	(555)	(518)	(980)	-	(4,140)
Effect of foreign currency exchange differences	-	(1,051)	(5,526)	(1,034)	(424)	(358)	-	(8,393)
Reclassifications	-	-	58	(67)	9	-	-	-
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 587,344</u>	<u>\$ 2,065,386</u>	<u>\$ 288,339</u>	<u>\$ 170,150</u>	<u>\$ 257,452</u>	<u>\$ -</u>	<u>\$ 3,368,671</u>
Carrying amounts at January 1, 2021	<u>\$ 675,822</u>	<u>\$ 551,936</u>	<u>\$ 1,855,725</u>	<u>\$ 124,938</u>	<u>\$ 38,842</u>	<u>\$ 48,860</u>	<u>\$ 2,031</u>	<u>\$ 3,298,154</u>
Carrying amounts at March 31, 2021	<u>\$ 675,822</u>	<u>\$ 539,676</u>	<u>\$ 1,803,338</u>	<u>\$ 119,435</u>	<u>\$ 38,806</u>	<u>\$ 50,902</u>	<u>\$ 1,474</u>	<u>\$ 3,229,453</u>
Cost								
Balance at January 1, 2022	\$ 675,822	\$ 1,133,368	\$ 3,918,600	\$ 417,133	\$ 222,066	\$ 309,932	\$ 2,281	\$ 6,679,202
Additions	-	568	30,860	424	893	1,209	3,545	37,499
Disposals	-	-	(2,615)	(276)	(436)	(6,589)	-	(9,916)
Effect of foreign currency exchange differences	-	11,763	76,919	9,335	3,827	2,974	147	104,965
Reclassifications	-	-	974	-	-	-	(974)	-
Balance at March 31, 2022	<u>\$ 675,822</u>	<u>\$ 1,145,699</u>	<u>\$ 4,024,738</u>	<u>\$ 426,616</u>	<u>\$ 226,350</u>	<u>\$ 307,526</u>	<u>\$ 4,999</u>	<u>\$ 6,811,750</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 619,404	\$ 2,206,641	\$ 305,973	\$ 175,349	\$ 257,555	\$ -	\$ 3,564,922
Depreciation expenses	-	11,822	64,350	6,388	4,644	5,666	-	92,870
Disposals	-	-	(2,611)	(276)	(432)	(6,568)	-	(9,887)
Effect of foreign currency exchange differences	-	8,027	43,611	8,103	3,194	2,417	-	65,352
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 639,253</u>	<u>\$ 2,311,991</u>	<u>\$ 320,188</u>	<u>\$ 182,755</u>	<u>\$ 259,070</u>	<u>\$ -</u>	<u>\$ 3,713,257</u>
Carrying amounts at January 1, 2022	<u>\$ 675,822</u>	<u>\$ 513,964</u>	<u>\$ 1,711,959</u>	<u>\$ 111,160</u>	<u>\$ 46,717</u>	<u>\$ 52,377</u>	<u>\$ 2,281</u>	<u>\$ 3,114,280</u>
Carrying amounts at March 31, 2022	<u>\$ 675,822</u>	<u>\$ 506,446</u>	<u>\$ 1,712,747</u>	<u>\$ 106,428</u>	<u>\$ 43,595</u>	<u>\$ 48,456</u>	<u>\$ 4,999</u>	<u>\$ 3,098,493</u>

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

Buildings	5-55 years
Machinery	3-20 years
Electric equipment	3-20 years
Tools	3-10 years
Miscellaneous equipment	3-20 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 112,720	\$ 111,725	\$ 118,120
Buildings	177,287	182,784	172,386
Others	<u>24,649</u>	<u>24,126</u>	<u>3,427</u>
	<u>\$ 314,656</u>	<u>\$ 318,635</u>	<u>\$ 293,933</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 6,304</u>	<u>\$ 733</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,137	\$ 2,132
Buildings		10,915	9,419
Others		<u>1,436</u>	<u>950</u>
		<u>\$ 14,488</u>	<u>\$ 12,501</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 54,113</u>	<u>\$ 51,296</u>	<u>\$ 39,853</u>
Non-current	<u>\$ 178,266</u>	<u>\$ 187,322</u>	<u>\$ 171,576</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.08%	1.08%	1.08%
Buildings	0.86%-2.37%	0.98%-2.37%	1.06%-2.37%
Others	0.86%-1.42%	0.98%-1.42%	1.05%-1.42%

c. Material lease-in activities and terms

The Group leases certain equipment and buildings for the use of operating activities with lease terms of 2 to 12 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The lease contract for land and buildings located in mainland China specifies that land and buildings are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 26,426</u>	<u>\$ 27,908</u>
Total cash outflow for leases	<u>\$ 40,641</u>	<u>\$ 40,155</u>

13. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Bank credit loans	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 30,000</u>

As of December 31, 2021 and March 31, 2021, the interest rates of bank credit loans were 0.80%-1.00% per annum and 0.80% per annum, respectively.

b. Short-term bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial paper	\$ -	\$ 150,000	\$ -
Less: Unamortized discounts on bills payable	<u>-</u>	<u>(10)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 149,990</u>	<u>\$ -</u>

Short-term bills payable are commercial papers due within one year. The interest rate on these bills payable was 0.81% as of December 31, 2021.

c. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Bank credit loans	<u>\$ -</u>	<u>\$ 57,900</u>	<u>\$ 697,360</u>

As of March 31, 2022, December 31, 2021, and March 31, 2021, the interest rates of long-term borrowings were 0.78% per annum and 0.89%-1.21% per annum, respectively.

14. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect of the Group's defined benefit plans for the three months ended March 31, 2022 and 2021 were calculated based on the pension cost rate determined by the actuarial calculation as of December 31, 2021 and 2020, which amounted to \$782 thousand and \$916 thousand, respectively.

15. EQUITY

a. Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>267,129</u>	<u>267,129</u>	<u>244,906</u>
Shares issued	<u>\$ 2,671,290</u>	<u>\$ 2,671,290</u>	<u>\$ 2,449,060</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

On June 24, 2021, the Company's board of directors resolved to issue 22,223 thousand ordinary shares before listing with a par value of \$10 and 10% of the shares are reserved for employee stock subscription in accordance with the laws and regulations. The subscription base date was September 28, 2021. The exercise prices of the shares consist of the weighted average bid price for competitive auction of \$55.38 per share, the price of shares for public offering and the price of shares for employee stock subscription of \$52 per share (refer to Note 21 to the consolidated financial statements for the year ended December 31, 2021 for the details of the compensation of employees recognized on the consolidated statements of comprehensive income). The Company had collected the above proceeds amounting to \$1,209,636 thousand. The transaction was approved by the Taiwan Stock Exchange Corporation on July 8, 2021. The total paid-in capital after the capital increase was \$2,671,290 thousand and was registered on October 22, 2021.

b. Capital surplus

	Actual Acquisition or Disposal of Equity in Subsidiary (1)	Share Premium (1)	Others (1)	Total
Balance at January 1 and March 31, 2021	<u>\$ 156,481</u>	<u>\$ 61,859</u>	<u>\$ 715</u>	<u>\$ 219,055</u>
Balance at January 1 and March 31, 2022	<u>\$ 156,481</u>	<u>\$ 1,054,448</u>	<u>\$ 3,187</u>	<u>\$ 1,214,116</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings 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 distribution of dividends and bonuses to shareholders.

In consideration of the overall environment and the long-term financial planning to achieve sustainable and stable business development, the Company's dividend policy is mainly based on the future capital budget plan to measure the capital needs of the following year. Every year, no less than 30% of the available profit shall be distributed shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends should be no less than 20%. However, when the Company has capital expenditure needs, all the aforementioned dividends will be distributed in the form of share dividends. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 17(d).

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset 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. 1010012865, Rule No. 1010047490, and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company. When the deduction balance of other shareholders' equity is reversed, the surplus may be distributed thereafter.

The appropriations of earnings for 2020, which were approved by the shareholders in their meeting on July 26, 2021, was as follows:

	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 149,341</u>
Special reserve	<u>\$ 203,863</u>
Cash dividends	<u>\$ 979,624</u>
Cash dividends per share (NT\$)	<u>\$ 4</u>

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 10, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 106,042</u>
Special reserve	<u>\$ 37,893</u>
Cash dividends	<u>\$ 801,387</u>
Cash dividends per share (NT\$)	<u>\$ 3</u>

The appropriations of earnings for 2021 will be approved by the shareholders in their meeting to be held on June 15, 2022. Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 48,487	\$ 47,712
Attributable to non-controlling interests:		
Share of profit for the period	<u>966</u>	<u>1,485</u>
Balance at March 31	<u>\$ 49,453</u>	<u>\$ 49,197</u>

16. REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers - sale of goods	<u>\$ 2,441,558</u>	<u>\$ 2,589,318</u>

Contract Balances

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable and accounts receivable (including related parties)	<u>\$ 1,221,657</u>	<u>\$ 1,272,661</u>	<u>\$ 1,286,279</u>
Contract liabilities - sale of goods (under other current liabilities)	<u>\$ 41,464</u>	<u>\$ 44,158</u>	<u>\$ 44,367</u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period is as follows:

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers - sale of goods	<u>\$ 40,904</u>	<u>\$ 7,453</u>

For information about notes receivable and accounts receivable, refer to Note 8. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

17. NET PROFIT

a. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 1,502	\$ 3,612
Interest on lease liabilities	649	592
Less: Capitalization amount of interest	<u>(52)</u>	<u>(12)</u>
	<u>\$ 2,099</u>	<u>\$ 4,192</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2022	2021
Capitalization interest rate	0.80%-0.84%	0.90%-1.09%

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Right-of-use assets	\$ 14,488	\$ 12,501
Property, plant and equipment	<u>92,870</u>	<u>90,621</u>
Total depreciation expense	<u>\$ 107,358</u>	<u>\$ 103,122</u>
An analysis of depreciation by function		
Operating costs	\$ 91,822	\$ 86,995
Operating expenses	<u>15,536</u>	<u>16,127</u>
	<u>\$ 107,358</u>	<u>\$ 103,122</u>
An analysis of amortization by function		
Operating costs	\$ 29	\$ 85
Operating expenses	<u>67</u>	<u>679</u>
	<u>\$ 96</u>	<u>\$ 764</u>

c. Employee benefit expense

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 7,149	\$ 6,955
Defined benefit plans (Note 14)	<u>782</u>	<u>916</u>
	7,931	7,871
Other employee benefits	<u>287,795</u>	<u>295,223</u>
Total employee benefit expense	<u>\$ 295,726</u>	<u>\$ 303,094</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 145,176	\$ 153,863
Operating expenses	<u>150,550</u>	<u>149,231</u>
	<u>\$ 295,726</u>	<u>\$ 303,094</u>

d. 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 the rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the three months ended March 31, 2022 and 2021, respectively were as follows:

	For the Three Months Ended March 31	
	2022	2021
<u>Amount</u>		
Compensation of employees	\$ 4,110	\$ 4,314
Remuneration of directors	3,700	3,125

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 were approved by the Company's board of directors on March 10, 2022 and February 25, 2021, respectively, as follows:

	For the Years Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 12,771	\$ 17,216
Remuneration of directors	13,500	3,015

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

There was no difference between the actual amounts of the compensation and remuneration proposed in 2021 and 2020, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

18. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax	\$ 60,496	\$ 59,426
Deferred tax	<u>(965)</u>	<u>1,452</u>
Income tax expense recognized in profit or loss	<u>\$ 59,531</u>	<u>\$ 60,878</u>

- b. The tax filings of the Company through 2017 and 2020 have been approved by the tax authorities. The tax filings of Yuen Foong Shop Co., Ltd. and Ever Growing Agriculture Bio-tech Co., Ltd. through 2020 have been approved by the tax authorities.

19. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share (NT\$)	<u>\$ 0.86</u>	<u>\$ 1.52</u>
Diluted earnings per share (NT\$)	<u>\$ 0.85</u>	<u>\$ 1.51</u>

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

Net profit for the period:

	For the Three Months Ended March 31	
	2022	2021
Profit for the period attributable to owners of the Company	<u>\$ 228,418</u>	<u>\$ 371,201</u>

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	267,129	244,906
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>281</u>	<u>888</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>267,410</u>	<u>245,794</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

20. CAPITAL MANAGEMENT

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of new debt issued or existing debt redeemed.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

b. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 3,232,554	\$ 3,204,103	\$ 2,861,408
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	1,658,742	2,041,712	2,459,194

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, accounts receivable from related parties, other receivables from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other current assets and other non-current assets).

- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, accounts payable to related parties, other payables, other payables to related parties, long-term borrowings, long-term payables (accounted as other non-current liabilities) and deposits received (accounted as other non-current liabilities).

c. Financial risk management objectives and policies

The Group's main objective of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign forward currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

	For the Three Months Ended	
	March 31	
	2022	2021
Profit or loss at 5% variance		
USD	\$ (45,731)	\$ (42,637)
RMB	\$ 173	\$ 365

b) Interest rate risk

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

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	<u>\$ 1,486,086</u>	<u>\$ 1,133,455</u>	<u>\$ 163,893</u>
Financial liabilities	<u>\$ 232,379</u>	<u>\$ 483,508</u>	<u>\$ 941,139</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 436,021</u>	<u>\$ 613,535</u>	<u>\$ 1,234,688</u>

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of changing in interest rates is not significant to the Group.

Sensitivity analysis

For the Group's floating interest rate financial liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would have increased/decreased as follows:

	For the Three Months Ended March 31	
	2022	2021
Increase (decrease)	\$ 109	\$ 309

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities and financial assets from investing activities as stated in the consolidated balance sheets.

The Group transacts with a large number of unrelated customers in various industries. The Group continuously evaluates the financial conditions of those customers.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce the credit risk from specific customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Company's finance department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was no significant credit risk.

3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and sufficient bank facilities required by business operation and to ensure the Group has sufficient financial flexibility.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's unused financing facilities were \$7,316,028 thousand, \$6,778,028 thousand and \$6,149,220 thousand, respectively.

22. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc., which held 59.14%, 59.14% and 64.52% of the ordinary shares of the Company as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Inc.	Parent company
San Ying Enterprise Co., Ltd.	Fellow subsidiary
YFY Biotech Management Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Fidelis IT Solutions Co, Ltd.	Fellow subsidiary
Arizon RFID Technology (Hong Kong) Co., Ltd.	Fellow subsidiary
YFY Packaging (Yangzhou) Investment Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
YFY Paradigm Investment Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Shanghai) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Qingdao) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Nanjing) Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Suzhou) Co., Ltd.	Fellow subsidiary
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.	Fellow subsidiary
Livebricks Inc.	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Pek Crown Paper Co., Ltd.	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
Guangdong Dingfung Pulp & Paper Co., Ltd.	Fellow subsidiary
YFY Jupiter US, Inc.	Fellow subsidiary
YFY Development Corp. (formerly as YFY Capital Co., Ltd.)	Fellow subsidiary
Genovella Renewables Inc.	Fellow subsidiary
YFY Jupiter Limited Taiwan Branch (Hong Kong) Co., Ltd.	Fellow subsidiary
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiary
Kunshan Yfyjupiter Green Packaging Ltd.	Fellow subsidiary
Hsinex International Corp.	Substantive related party
E Ink Holdings Incorporate	Substantive related party
SinoPac Leasing Co., Ltd.	Substantive related party
SinoPac Financial Holdings Company Limited	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party
YFY Biotechnology Co., Ltd.	Substantive related party
YFY Biotechnology (Kunshun) Co., Ltd.	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Restaurant Management (Shanghai) Co., Ltd.	Substantive related party
Xingyuan Investment Co., Ltd.	Substantive related party
Beautone Co., Ltd.	Substantive related party
Hotan Life Corporation	Substantive related party
Shin-Yi Enterprise Co., Ltd.	Substantive related party
Shin-Yi Foundation	Substantive related party
SinoPac Securities Co., Ltd.	Substantive related party
Taiwan Stock Exchange	Substantive related party
Sung Yu Corporation	Substantive related party
Hoi Toy & Play Corporation	Substantive related party
Yuanhan Materials Inc.	Substantive related party
Synmax Biochemical Co., Ltd.	Substantive related party
Transcend Optronics (Yangzhou) Co., Ltd.	Substantive related party
	(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiaries	\$ 12,298	\$ 2,923
Substantive related parties	2,199	2,660
Parent company	<u>92</u>	<u>2,374</u>
	<u>\$ 14,589</u>	<u>\$ 7,957</u>

For sales of goods to related parties, the prices and terms of receivables approximate those with non-related parties.

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiaries		
Chung Hwa Pulp Corporation	\$ 138,005	\$ 172,502
Guangdong Dingfung Pulp & Paper Co., Ltd.	117,198	181,445
Others	<u>28,173</u>	<u>54,259</u>
	283,376	408,206
Substantive related parties	<u>281</u>	<u>296</u>
	<u>\$ 283,657</u>	<u>\$ 408,502</u>

For purchases of goods from related parties, the prices and terms of payables approximate those with non-related parties.

d. Accounts receivable from related parties

Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries			
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ 3,653	\$ -	\$ 46,431
Chung Hwa Pulp Corporation	508	437	962
Others	<u>668</u>	<u>717</u>	<u>1,574</u>
	4,829	1,154	48,967
Substantive related parties			
Yuen Foong Paper Co., Ltd.	1,441	1,817	1,229
Others	<u>454</u>	<u>361</u>	<u>815</u>
	1,895	2,178	2,044
Parent company	<u>97</u>	<u>-</u>	<u>332</u>
	<u>\$ 6,821</u>	<u>\$ 3,332</u>	<u>\$ 51,343</u>

The outstanding accounts receivable from related parties are unsecured.

e. Accounts payable to related parties

Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries			
Chung Hwa Pulp Corporation	\$ 143,851	\$ 134,722	\$ 173,820
Guangdong Dingfung Pulp & Paper Co., Ltd.	58,154	47,984	106,601
YFY Packaging Inc.	21,230	30,646	55,384
Others	<u>20,907</u>	<u>23,202</u>	<u>22,004</u>
	244,142	236,554	357,809
Substantive related parties	<u>89</u>	<u>129</u>	<u>102</u>
	<u>\$ 244,231</u>	<u>\$ 236,683</u>	<u>\$ 357,911</u>

The outstanding accounts payable to related parties are unsecured.

f. Other receivables from related parties

Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries			
Guangdong Dingfung Pulp & Paper Co., Ltd.	\$ -	\$ 2,223	\$ -
Others	<u>-</u>	<u>-</u>	<u>142</u>
	<u>\$ -</u>	<u>\$ 2,223</u>	<u>\$ 142</u>

g. Other payables to related parties (excluding loans from related parties)

Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ 24,401	\$ 42,820	\$ 28,361
Others	<u>2,846</u>	<u>2,600</u>	<u>3,323</u>
	27,247	45,420	31,684
Substantive related parties	<u>1,628</u>	<u>1,694</u>	<u>1,535</u>
	<u>\$ 28,875</u>	<u>\$ 47,114</u>	<u>\$ 33,219</u>

h. Loans from related parties (accounted for as other payables to related parties)

Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
<u>Other payables</u>			
Fellow subsidiaries			
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ _____	\$ _____	\$ 2,350

**For the Three Months Ended
March 31**

Related Party Category	2022	2021
<u>Interest paid</u>		
Fellow subsidiaries		
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ _____	\$ 21

The Group obtained loans from related parties at an interest rate of 3.5%.

i. Lease arrangements

Lease Liabilities	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries			
YFY Packaging Inc.	<u>\$ 29,294</u>	<u>\$ 30,718</u>	<u>\$ 34,966</u>

**For the Three Months Ended
March 31**

Interest Paid	2022	2021
Fellow subsidiaries	<u>\$ 81</u>	<u>\$ 97</u>

Lease Paid	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiaries		
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ 6,192	\$ 8,407
Others	907	332
	<u>7,099</u>	<u>8,739</u>
Substantive related parties	<u>3,161</u>	<u>2,880</u>
	<u>\$ 10,260</u>	<u>\$ 11,619</u>

The lease period, rent and the payment condition for related parties are equivalent to non-related parties.

j. Other transactions with related parties

Related Party Category	Miscellaneous Expenses (Accounted as Operating Costs and Expenses)	
	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiaries		
YFY Paper MFG (Yangzhou) Co., Ltd.	\$ 84,837	\$ 65,800
Others	3,141	4,372
	<u>87,978</u>	<u>70,172</u>
Substantive related parties	<u>2,711</u>	<u>2,519</u>
	<u>\$ 90,689</u>	<u>\$ 72,691</u>

Related Party Category	Other Income (Accounted as Non-operating Revenue)	
	For the Three Months Ended March 31	
	2022	2021
Fellow subsidiaries	\$ -	\$ 2,955

Related Party Category	Prepayments (Accounted as Other Current Assets)		
	March 31, 2022	December 31, 2021	March 31, 2021
Fellow subsidiaries	\$ 828	\$ -	\$ 772
Substantive related parties	<u>56</u>	<u>45</u>	<u>55</u>
	<u>\$ 884</u>	<u>\$ 45</u>	<u>\$ 827</u>

k. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 16,914	\$ 16,453
Post-employment benefits	<u>314</u>	<u>233</u>
	<u>\$ 17,228</u>	<u>\$ 16,686</u>

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

23. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Group's subsidiaries, clients and suppliers in certain locations are subject to quarantine and travel restriction policies. The Group considered that its overall operation and financial condition were not significantly impacted. There is no doubt on the Group's ability to continue as a going concern, and no impairment of assets or financing risk recognized.

24. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 806	28.625	\$ 23,072
RMB	1,437	4.509	6,479
<u>Financial liabilities</u>			
Monetary items			
USD	32,758	28.625	937,698
RMB	668	4.509	3,012

December 31, 2021			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 996	27.68	\$ 27,569
RMB	1,434	4.341	6,226
<u>Financial liabilities</u>			
Monetary items			
USD	31,232	27.68	864,502
RMB	669	4.341	2,904

March 31, 2021			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 371	28.535	\$ 10,586
RMB	1,681	4.344	7,302
<u>Financial liabilities</u>			
Monetary items			
USD	30,255	28.535	863,326

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

For the Three Months Ended March 31				
	2022		2021	
Foreign Currency	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	28.625 (USD:NTD)	\$ 78	28.535 (USD:NTD)	\$ (1)
USD	6.348 (USD:RMB)	3,626	6.569 (USD:RMB)	(6,008)
RMB	4.509 (RMB:NTD)	<u>129</u>	4.344 (RMB:NTD)	<u>(53)</u>
		<u>\$ 3,833</u>		<u>\$ (6,062)</u>

25. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (None)

- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
 - 11) Information on investees (Table 4)
- b. 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 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 2)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 2 and 6)
 - 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 end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - 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.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

26. SEGMENT INFORMATION

Segment revenue and results are as follows:

	Taiwan	Mainland China	Adjustment and Elimination	Total
For the three months ended <u>March 31, 2022</u>				
Revenue from external customers	<u>\$ 1,709,160</u>	<u>\$ 732,398</u>	<u>\$ -</u>	<u>\$ 2,441,558</u>
Revenue from other internal operating segments	<u>\$ 265,223</u>	<u>\$ 1,041,140</u>	<u>\$ (1,306,363)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 276,101</u>	<u>\$ 12,814</u>	<u>\$ -</u>	<u>\$ 288,915</u>
For the three months ended <u>March 31, 2021</u>				
Revenue from external customers	<u>\$ 1,583,505</u>	<u>\$ 1,005,813</u>	<u>\$ -</u>	<u>\$ 2,589,318</u>
Revenue from other internal operating segments	<u>\$ 293,421</u>	<u>\$ 988,775</u>	<u>\$ (1,282,196)</u>	<u>\$ -</u>
Segment profit or loss before income tax	<u>\$ 300,881</u>	<u>\$ 132,683</u>	<u>\$ -</u>	<u>\$ 433,564</u>

The Group classifies its products into two segments in accordance with their characteristics as follows:

a. Taiwan

Manufacture and sale of paper and paper-related merchandise in Taiwan.

b. Mainland China

Manufacture and sale of paper and paper-related merchandise in mainland China.

The accounting policies of each segment are the same as those accounting policies stated in Note 4. The performance of segments is measured by income after tax. Revenue and profit between segments have been adjusted; these adjustments include the elimination of intra-group transactions to reconcile the segment information with that reported for the Group as a whole.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (In Thousands of Foreign Currencies) (Notes 2 and 5)	Ending Balance (In Thousands of Foreign Currencies) (Notes 2 and 5)	Actual Borrowing Amount (In Thousands of Foreign Currencies) (Note 5)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (In Thousands of Foreign Currencies) (Notes 3, 4 and 5)	Aggregate Financing Limit (In Thousands of Foreign Currencies) (Notes 3, 4 and 5)	Note
													Item	Value			
1	Yuen Foong Yu Consumer Products Investment Limited	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	\$ 286,250	\$ 286,250	\$ 286,250	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 6,574,479	\$ 6,574,479	Note 6
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	429,375	429,375	429,375	2.00	Short-term financing	-	Operating capital	-	-	-	6,574,479	6,574,479	Note 6
		YFY Investment Co., Ltd.	Other receivables from related parties	Yes	143,125	143,125	143,125	2.00	Short-term financing	-	Operating capital	-	-	-	6,574,479	6,574,479	Note 6
2	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	281,170	281,170	108,315	3.25	Short-term financing	-	Operating capital	-	-	-	575,162	575,162	Note 6
3	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Other receivables from related parties	Yes	1,161,101	1,161,101	-	3.25	Short-term financing	-	Operating capital	-	-	-	2,398,997	2,398,997	Note 6
4	YFY Investment Co., Ltd.	YFY Family Care (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,303,386	-	3.50	Short-term financing	-	Operating capital	-	-	-	4,658,798	4,658,798	Note 6
		Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Other receivables from related parties	Yes	2,303,386	2,303,386	144,297	3.50	Short-term financing	-	Operating capital	-	-	-	4,658,798	4,658,798	Note 6

Note 1: The number column of financing provided to others by Yuen Foong Yu Consumer Products Co., Ltd. and subsidiaries is illustrated as follows:

- The Company is numbered 0.
- The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The balances are the approved amount that could be financed to others, including those not actually borrowed.

Note 3: In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender's net equity of the prior year while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender's net equity of the prior year while individual loans shall not exceed the 40% of the lender's net equity of the prior year. In summary, the total provision of loans due to business dealings and short-term-loans shall not exceed 80% of the lender's net equity of the prior year while individual loans shall not exceed the 80% of the lender's net equity of the prior year.

Note 4: Foreign companies that directly and indirectly hold 100% of the voting shares are not subject to the aforementioned restrictions when engaging in financing provided to others. The total amount of financing loans and individual object limits due to business relationships and the need for short-term financing are limited to no more than twice the net value of the Company at the end of the previous year.

Note 5: The exchange rates were US\$1=\$28.625 and RMB1=\$4.509152 as of March 31, 2022.

Note 6: In preparing the consolidated financial statements, the transaction has been eliminated.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Yuen Foong Shop Co., Ltd.	a.	Sale	\$ (199,399)	(12)	In agreed terms	\$ -	-	\$ 164,161	18	Note 2
	Chung Hwa Pulp Corporation	b.	Purchase	138,005	16	In agreed terms	-	-	(143,851)	(23)	
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	a.	Sale	(329,071)	(31)	In agreed terms	-	-	149,417	27	Note 2
YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(152,999)	(100)	In agreed terms	-	-	64,648	100	Note 2
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	a.	Sale	(493,746)	(88)	In agreed terms	-	-	211,574	91	Note 2

Note 1: a. Parent company and subsidiary.
b. Fellow subsidiaries.
c. Substantive related parties.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Yuen Foong Shop Co., Ltd.	Subsidiary	\$ 164,161	4.53	\$ -	-	\$ 80,274	\$ -
YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	149,417	10.09	-	-	149,417	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	211,574	8.82	-	-	211,574	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Yuen Foong Yu Consumer Products Investment Limited	Samoa	Investment and holding.	\$ 3,845,458	\$ 3,845,458	150,013,000	100.0	\$ 3,305,350	\$ 7,884	\$ 7,884	a. and b.
	Ever Growing Agriculture Bio-tech Co., Ltd.	Taipei, Taiwan	Wholesale of agriculture products	107,595	107,595	18,245,944	85.0	273,854	6,453	8,935	a. and b.
	Yuen Foong Shop Co., Ltd.	Taipei, Taiwan	E-commerce of selling consumer products	55,041	55,041	5,000,000	100.0	106,473	13,733	13,380	a. and b.
	YFY Consumer Products, Co.	United States	E-commerce for intellectual property management and sales of consumer products	-	-	-	100.0	-	-	-	a. and b.
Yuen Foong Shop Co., Ltd.	Yuen Foong Shop (HK) Limited	Hong Kong	General trade	-	-	-	100.0	-	-	-	a. and b.

- Note: a. Subsidiaries.
b. In preparing the consolidated financial statements, the transaction has been eliminated.
c. Refer to Table 5 for information on investments in mainland China.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (In Thousands of Foreign Currencies) (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (In Thousands of Foreign Currencies) (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022 (In Thousands of Foreign Currencies) (Note 1)	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outward	Inward						
YFY Investment Co., Ltd.	Investment and holding and sale of paper	\$ 3,291,875 (US\$ 115,000 thousand)	Investment in mainland China through companies set up in another country.	\$ 2,707,209 (US\$ 94,575 thousand)	\$ -	\$ -	\$ 2,707,209 (US\$ 94,575 thousand)	\$ 3,615 (Note 2,b.)	100.0	\$ 3,615 (Note 2,b.)	\$ 2,333,097	\$ -
YFY Family Care (Kunshan) Co., Ltd.	Manufacture and sale of tissue paper and napkins	858,750 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	1,895 (Note 2,c.)	100.0	2,057 (Note 2,c.)	285,684	-
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Manufacture and sale of tissue paper and napkins	858,750 (US\$ 30,000 thousand)	Investment in mainland China through companies set up in another country.	-	-	-	-	12,358 (Note 2,c.)	100.0	12,358 (Note 2,c.)	1,212,140	-

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,993,459 (Notes 1 and 4)	\$2,993,459 (Notes 1 and 4)	Note 3

Note 1: The exchange rates were US\$1=\$28.625 and RMB1=\$4.509152 as of March 31, 2022.

Note 2: The recognition basis for investment gain (loss) is as follows:

- Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
- Financial statements audited by the ROC CPA firm.
- Others.

Note 3: According to Article 3 of the "Principles of Investing or Technical Cooperation in Mainland China" on August 29, 2008, companies approved by the Industrial Development Bureau, MOEA within the scope of operations of the operational headquarters are not subject to the upper limit. The Company is an eligible enterprise and is not subject to the aforementioned restrictions.

Note 4: The disposal of entire shares of YFY Family Paper (Beijing) Co., Ltd was completed by the subsidiary YFY Investment Co., Ltd. in August 2020. The sale proceeds have not been remitted back to Taiwan; therefore, the Company has not yet processed the deduction of the accumulated investment amount to the Investment Commission, MOEA.

Note 5: On July 14, 2021, the subsidiary Yuen Foong Shop Co., Ltd.'s board of directors resolved to sell all the equity of Shanghai YFY International Trade Co., Ltd. The disposal was completed in August 2021.

YUEN FOONG YU CONSUMER PRODUCTS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	The Company	Yuen Foong Shop Co., Ltd.	Subsidiary	Sales Accounts receivable	\$ 199,399 164,161	By market price By market price	8.17 2.07
2	Ever Growing Agriculture Bio-tech Co., Ltd.	The Company	Parent company	Sales Accounts receivable	65,548 92,723	By market price By market price	2.68 1.17
3	YFY Investment Co., Ltd.	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Subsidiary	Sales Accounts receivable	329,071 149,417	By market price By market price	13.48 1.89
4	Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	YFY Investment Co., Ltd. YFY Family Care (Kunshan) Co., Ltd.	Parent company Fellow subsidiaries	Sales Accounts receivable Sales	493,746 211,574 65,248	By market price By market price By market price	20.22 2.67 2.67
5	YFY Family Care (Kunshan) Co., Ltd.	YFY Investment Co., Ltd.	Parent company	Sales	152,999	By market price	6.27

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 7**YUEN FOONG YU CONSUMER PRODUCTS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	158,004,565	59.14
YFY Paradigm Investment Co., Ltd.	17,386,815	6.50

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.